

FY2019 CEO Small Meetings, June 27, 2019

Representative Director, Executive President (CEO): Yuji AKASAKA

Director, Senior Managing Executive Officer, Finance & Accounting (CFO) : Hideki KIKUYAMA

CEO Akasaka commenced his presentation with the followings:

1. Review of his Management
2. FY2018 Performance
3. Updates of Recent Domestic and International Passenger/Cargo Business
4. Haneda/Narita Airport Expansion
5. Updates of Alliance Partnership including Joint Business
6. New Mid-term Management Plan from FY2020
7. A350 Domestic Operation Starting from September 1
8. Updates of ZIP AIR

Main Q and As :

Q Domestic Passenger Update

A During the long weekend (so-called Golden Week) and before/after the long weekend were both good. One reason is strong gross demand especially among younger generations (teenagers and 20s). The other reason is JAL's competitiveness with its good service and products.

Q International Passenger Updates

A Inbound demand has been recovering since May. On the other hand, outbound demand is gradually weakening on some routes from June. We will aim for revenue increase toward high-demand seasons.

Q Hawaii Routes

A Amid the weak gross demand and the supply increase by competitor, JAL's performance has been in line with its plan. We will strengthen our competitiveness through joint business with Hawaiian Airlines.

Q Partnership with Other Airlines

A Taking into account business volatility of international business, JAL will expand its network, without increasing its fixed cost, through joint business or codesharing with worldwide partner airlines.

Q Credit Card Business and Mileage Business

A Both the credit card business and mileage business are very profitable. JAL Credit Card is expanding its membership. We will expand and combine the credit card business and the mileage business together strategically.

Q New Business Domain

A Further growth will be made at new business domains related to air transport. We will provide a more detailed business plan that utilizes JAL's competitive service, products or safety.

Q ZIPAIR

A It will move into the black in the second year and aim for a target OPM that should be achieved as members of JAL group. Compared with JAL, its operating cost per flight should be half of JAL's by reducing indirect cost as much as possible. In the first year (FY2020), it will fly to Seoul and Bangkok from Narita respectively. In the second year (FY2021), it will aim for the West Coast of the United States. It may thinkg of synergy effects through JAL's mileage program.

Q New Mid-Term Management Plan

A It should be a several-year plan. The new Management Plan will show specific measures to achieve Grand Design in approximately 10 years, which was disloed in the previsou 2017-2020 Mid-term Management Plan.

End